

## **STATEMENT OF PURPOSE**

### **RS21613**

For Idaho tax purposes some losses, such as Ponzi scheme losses, are only deductible as an itemized deduction and are not allowed as part of an Idaho net operating loss deduction even though allowed as a federal net operating loss. Unless an Idaho taxpayer has sufficient income in the year the loss is deducted, some of the loss never reduces Idaho taxable income. If the taxpayer recovers part of the loss in a subsequent tax year, the taxpayer must include the recovery in Idaho taxable income and pay tax on that income, even if the taxpayer could not deduct all or part of the loss in a prior year. To correct this unfairness, the bill allows a deduction for Idaho purposes an amount equal to the amount of the loss recovery if the taxpayer did not receive a deduction for the loss on a prior Idaho tax return.

### **FISCAL NOTE**

This bill will reduce the General Fund by \$250,000.

#### **Contact:**

Mike Chakarun  
Tax Commission  
(208) 334-7537